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Canada

The Harmonized Sales Tax in Ontario and British Columbia

As noted in *Excise and GST/HST News* No.74, Ontario and British Columbia have announced harmonization of their current provincial retail sales taxes with the GST (Ontario on March 26, 2009 and British Columbia on July 23, 2009). The federal government has passed the necessary legislation and will be introducing additional regulations. Ontario and British Columbia have also passed the necessary provincial legislation.

Harmonization in Ontario and British Columbia will result in a single value-added tax in those provinces called the harmonized sales tax (HST) to take effect on July 1, 2010. The HST is already in effect in Nova Scotia, New Brunswick, and Newfoundland and Labrador. Provinces in which the HST is in effect are called "participating provinces."

This special edition of the *Excise and GST/HST News* will give an overview of some of the most important aspects of the proposed HST in Ontario and British Columbia. It contains important information to all GST/HST registrants across Canada who make taxable sales and purchases between Ontario and British Columbia and other provinces. It also refers to sources of more detailed information.

Please note that the CRA has created a Web page, www.cra.gc.ca/harmonization, which contains detailed information about the Ontario and British Columbia HST. Visit this Web site to sign up for in-person seminars, to view videos and to access HST technical publications. You may also subscribe to the HST electronic mailing list (www.cra.gc.ca/lists) or RSS feed (www.cra.gc.ca/rssfeeds). To reach the CRA by telephone, call 1-800-959-5525 (TTY 1-800-665-0354).

How HST will work in Ontario and British Columbia

The HST will apply a single rate of 13% for Ontario and 12% for British Columbia to generally the same base of property and services as the GST. This rate will consist of a 5% federal part, and an 8% provincial part for Ontario and a 7% provincial part for British Columbia. The CRA and the Canada Border Services Agency (CBSA) will administer the HST.

Businesses registered for the GST will automatically be registered for HST purposes, and will be required to collect and remit the HST on any taxable (other than zero-rated) supplies they make in the participating provinces, including supplies shipped or mailed to recipients in these provinces. Registrants will also be entitled to claim input tax credits for the HST paid on purchases they make in relation to their commercial activities in these provinces with some limitations for large business enterprises.

When reporting the tax, registrants will generally not have to identify the federal and provincial parts of the HST separately. Also, registrants will not have to separately track tax collectible or payable at the 5% GST rate or the HST rate. Current GST reporting requirements will apply under the harmonized system for the remittance of tax, returns, fiscal periods, and reporting periods, although some registrants will be required to file their returns electronically.

Self-assessment rules will generally apply to ensure that the proper amount of HST is paid by persons engaged in non-commercial activities and consumers where property or a service is supplied in a province for consumption, use or supply in a participating province where the provincial part of the HST is higher than in the province where the service or property was originally acquired.

Rebates of the provincial part of the HST will be available in certain circumstances to persons who are not entitled to full input tax credits for the HST they pay.

Self-assessing HST on goods brought into Ontario or British Columbia

Persons may be required to self-assess the provincial part of the HST when a good is acquired in a non-participating province and then brought into Ontario or British Columbia. The value for self-assessing will generally be the lesser of the consideration paid and the fair market value of the goods. Self-assessment rules will also apply to where a good has been acquired in one participating province and then brought into another with a higher HST rate.

In the case of a specified motor vehicle, which generally includes all motor vehicles other than racing cars, the HST will be paid at the provincial vehicle licensing office using a value established by the provincial authority. If the vehicle had been purchased from a non-registrant, the purchaser will not pay HST but will pay a special provincial levy, 12% for British Columbia and 13% for Ontario, without provision for input tax credits.

Self-assessing HST on services and intangible personal property received outside a province for use inside a participating province

A resident of a participating province may be required to self-assess the provincial part of the HST on services or intangible personal property supplied outside the province, if the service or property is for consumption, use or supply "significantly" (i.e., 10% or more) in participating provinces where the provincial rate of the HST is higher than in the province where the service or property was acquired. If the service or intangible personal property was acquired in a non-participating province, the provincial rate of the HST will be treated as being 0%, meaning that self-assessment will also apply when services or intangible personal property brought into a participating province from a non-participating province.

The self-assessed tax will generally be calculated based on the extent to which the total consideration paid for the service or intangible personal property reflects the consumption, use or supply of that service or property in each participating province. As a result, an amount must be determined in respect of each participating province where the service or intangible personal property will be consumed, used or supplied.

General exclusions from self-assessment include:

- where HST was imposed at the same rate in the province where the service or intangible personal property was acquired as the province in which the service or property will be consumed, used or supplied;
- where the property or service will be consumed, used or supplied by a registrant exclusively (90% or more) in the course of the registrant's commercial activities (except in respect of acquisitions of specified motor vehicles or registrants using a streamlined accounting method);
- if the purchaser is a selected listed financial institution that is required to use the special attribution method to determine its net tax remittance; or
- telecommunications services.

Collecting First Nations taxes on reserves in British Columbia

The following information is for vendors making supplies on reserve lands of First Nations in British Columbia that have imposed either a First Nations Tax (FNT) on sales of listed products of alcoholic beverages, fuel and tobacco products, or a First Nations goods and services tax (FNGST).

In participating provinces, the HST consists of a federal part (5%) and a provincial part. Where an FNT or FNGST applies, it is the federal part of the HST (5%) that is replaced either by the FNT or FNGST. There are currently no federally administered First Nations taxes that replace the provincial part of the HST.

An FNT or FNGST only replaces the federal part of the HST. Therefore, if an Indian, Indian band or band-empowered entity were to acquire taxable goods or services on reserve lands where an FNT or FNGST applies, the supply will only be subject to the FNT or the FNGST at the rate of 5%.

Provided the purchaser meets the criteria set out in Technical Information Bulletin (TIB) B-039, *GST/HST Administrative Policy - Application of the GST/HST to Indians*, the provincial part of the HST will be relieved.

GST/HST Notice254, *Collecting First Nations Taxes in a Participating Province,* provides information on how the FNT/FNGST/HST will apply to First Nations, and their members, that have imposed an FNT or FNGST in a participating province.

Taxable supplies made to foreign representatives and diplomatic missions

Generally, the HST in Ontario and British Columbia will apply in the same way as the GST currently applies to registrants who supply property or services to diplomatic missions, consular posts, international organizations, visiting forces units, diplomatic agents, consular officers, and designated officials of international organizations.

If you are a registrant, you have to charge GST/HST on taxable supplies of property or services you provide to diplomatic missions, consular posts, international organizations, visiting forces units, diplomatic agents, consular officers, and designated officials of international organizations. You have to charge GST/HST whether they make purchases for themselves or their organizations. As these supplies are not relieved of tax under the *Excise Tax Act*, you must collect GST/HST even if they show you a diplomatic identification card. Diplomatic missions and foreign representatives, if eligible, may apply for a rebate of the GST/HST paid to suppliers by completing Form GST498, *GST/HST Rebate Application For Foreign Representatives, Diplomatic Missions, Consular Posts, International Organizations, Or Visiting Forces Units.*

Imports

There are different rules for how and when the HST will apply to commercial and non-commercial importations. The HST will generally not apply to importations on which the GST does not apply. For more information see GST/HST Notice247, *Harmonized Sales Tax for Ontario and British Columbia - Questions and Answers on General Transitional Rules for Personal Property and Services.*

Commercial goods

Goods accounted for as commercial goods under the *Customs Act*, as administered by the CBSA, that are destined for or imported into Ontario or British Columbia, as well as specified motor vehicles and mobile or floating homes that have been used or occupied in Canada by any individual, will be subject to the 5% GST at the time of importation, unless the importation is relieved under the GST rules. Commercial goods are generally those that are for sale, or for any commercial, industrial, occupational, institutional, or other like use. The HST will not apply to commercial goods at the time of importation. However, in some circumstances, these goods may be subject to the 7% or 8% provincial part of the HST through self-assessment.

Non-commercial goods (other than specified motor vehicles)

Non-commercial goods will be subject to the HST at the time of importation by residents of Ontario or British Columbia regardless of where the resident enters Canada.

The HST will also generally apply to non-commercial importations that are delivered or made available to a person in a participating province, or sent by mail or courier to an address in a participating province.

Specified motor vehicles

Specified motor vehicles will be subject to the 5% GST at the time of importation, and to the 7% or 8% provincial part of the HST at the time the vehicle is registered in one of these provinces in accordance with the laws of that province that relate to the registration of motor vehicles.

Services and intangible personal property

Similar to the self-assessment rules for services and intangible personal property acquired in a province which are subsequently brought into a participating province, services and intangible personal property imported into Canada for consumption, use or supply "significantly" (i.e., 10% or more) in participating provinces may require self-assessment of the provincial portion of the HST, in addition to self-assessment, in some circumstances, of the GST. For more information, see Department of Finance News Release dated February 25, 2010, 2010-014, *Place of Supply, Self-Assessment and Rebate Rules for the Harmonized Sales Tax (HST)*.

Exports

The current zero-rating export provisions and rules for supplies made outside Canada will also apply under the HST in Ontario and British Columbia. As well, the current GST/HST eligibility rules for input tax credits in these circumstances will continue to apply. The existing rebates for artistic works produced for export, certain installation services, and charity exports will also continue to apply.

Financial services

The treatment of financial services under Ontario and British Columbia HST will be consistent with their treatment under the GST. That is, certain financial services will be treated as exempt from tax under the HST, financial service providers will not charge HST on their supplies of exempt financial services, and they will not claim input tax credits for tax paid or payable on inputs acquired to provide exempt financial services.

Selected listed financial institutions (SLFIs), e.g., a bank operating within both participating and non-participating provinces, will generally be required to use a special attribution method to determine their HST liability in the participating provinces.

On May 19, 2010, the Department of Finance released proposed changes to the HST rules for certain financial institutions, relating to the calculation of the provincial component of the HST. Included in these proposed changes are:

- modifications to the definition of SLFIs for HST purposes, to ensure that the rules achieve the intended result in the context of the expanded and modernized HST framework (e.g., under the proposed changes, a bank would also be a SLFI if it has a permanent establishment in two or more participating provinces);
- modifications to the rules for determining provincial attribution percentages for each specific type of SLFI in order to better reflect the consumption of financial services in each province; and
- special transitional rules for SLFIs in respect of the implementation of the Ontario and British Columbia HST.

The proposed changes are intended to provide for a level playing field for financial institutions in terms of where they purchase their business inputs and to ensure that the appropriate amount of tax is collected for participating provinces.

The proposed changes and the related backgrounder are on the Finance Web site at www.fin.gc.ca under "News".

Payment of GST/HST by British Columbia and Ontario on government purchases

Under the respective sales tax harmonization agreements entered into by the federal government and the governments of Ontario and British Columbia, each province has agreed that effective July 1, 2010, all of their respective government ministries, agencies, boards, commissions and Crown corporations will pay GST/HST on their purchases of taxable property and services. Please refer to GST/HST Info Sheet GI-073, *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Payment of the GST/HST by Ontario and B.C.*

Government Entities for more information on how the HST transitional rules apply to payments received by registrants with respect to taxable supplies made to an Ontario or British Columbia government entity.

Temporary recapture of input tax credits

Generally, registrants in Ontario and British Columbia will be able to claim input tax credits (ITCs) for the HST they pay or owe on purchases of goods or services to the extent that they were acquired for consumption, use or supply in their commercial activities.

However, those making taxable supplies totalling more than $10 million annually (including taxable supplies by associated persons), and certain listed financial institutions, will have to recapture the provincial part of ITCs available in respect of HST payable on specified properties and services that are acquired or brought into Ontario or British Columbia for consumption or use in those provinces. A public service body will not be required to recapture ITCs. Similarly, a person whose chief source of income is farming will not recapture ITCs in respect of property and services used or consumed in farming activities.

Specified properties and services generally includes road vehicles, fuel used in road vehicles (only in Ontario), energy, telecommunication services, and meal and entertainment expenses. The recapture of ITCs will not apply to specified properties and services that are:

- energy costs that qualify as scientific research and development or that are used in the production of goods;
- acquired for re-supply; or
- acquired to be incorporated into tangible personal property for re-supply.

After five years, the recapture will begin to be phased out. The recapture percentage will be reduced from 100% for HST paid or payable during the following periods:

July 1, 2015 to June 30, 2016	75%
July 1, 2016 to June 30, 2017	50%
July 1, 2017 to June 30, 2018	25%
On or after July 1, 2018	0%

For more information see GST/HST Technical Information Bulletin B-104, Harmonized Sales Tax – Temporary Recapture of Input Tax Credits in Ontario and British Columbia. More information on the temporary recapture of ITCs as it applies to selected listed financial institutions is published in the Department of Finance backgrounder entitled *Financial Institution Rules for the Harmonized Sales Tax (HST).*

Rebates

General

A rebate of the provincial part of the HST will be available to certain persons who remove eligible goods from Ontario or British Columbia to a non-participating province or from one participating province to another participating province with a lower HST rate. This rebate will not apply to those listed financial institutions that use the special attribution method to equalize provincial tax differences.

To qualify for the rebate, a person must remove the goods from the participating province within 30 days from the date the goods are delivered to the person, be a resident of the destination province, and in the case of removal to a non-participating province, provide proof that applicable provincial sales tax has been paid in the destination province. In addition:

- the goods must be for consumption, use or supply exclusively outside the participating province where the goods were acquired;

- an application must be made within one year after the day the goods were removed from the participating province;
- the person was not otherwise eligible for an ITC or other rebate, and each receipt for an eligible good shows a minimum eligible amount of tax of $5; and
- the total amount of tax for which a single rebate application is made must be at least $25.

In the case of a specified motor vehicle, the person does not have to be resident in the destination province.

A rebate will also be available for the provincial part of the HST paid on services and intangible personal property supplied in a participating province if the service or property is significantly (10% or more) for consumption, use or supply in a participating province with a lower HST rate than the province, in which the service or property was acquired, or a non-participating province. The rebate amount will be based on the extent that the consideration reflects the consumption, use or supply of the service or intangible personal property in each province with a lower provincial rate of HST than the province of aquisition. If the service or intangible personal property was consumed, used or supplied in a non-participating province, the provincial rate of the HST will be treated as being 0%.

Another rebate will be available for employee and partner expenses. For more information on these rebates, contact GST Rulings at 1-800-959-8287.

Public service bodies

A rebate of the provincial part of the HST will be available to public service bodies on the non-recoverable HST they incur in Ontario and British Columbia. The following table summarizes the rebate percentages available:

Type of public service body:	Federal part of HST (existing)	Ontario part of HST	British Columbia part of HST
Charity and qualifying non-profit organization	50%	82%	57%
Municipalities	100%	78%	75%
Hospitals	83%	87%	58%
Facility operators and external suppliers	83%	87%	58%
Schools	68%	93%	87%
Universities and public colleges	67%	78%	75%

Point-of-sale rebates

Effective July 1, 2010, a point-of-sale rebate of the Ontario part of the HST applies on certain qualifying printed books[1], children's clothing, children's footwear, children's car seats, children's diapers, feminine hygiene products, certain printed newspapers and certain prepared food and beverages sold for immediate consumption and for $4 or under. A similar rebate has been announced for the British Columbia part of the HST on qualifying motor fuel, printed books, certain children's clothing, footwear, diapers and car seats, and feminine hygiene products.

For more information on the point-of-sale rebates see the following GST/HST info sheets:

- GI-060, *Harmonized Sales Tax for Ontario - Point-of-Sale Rebate on Newspapers;*
- GI-061, *Harmonized Sales Tax for British Columbia - Point-of-Sale Rebate on Motor Fuels;*

[1] There is also the Federal Book Rebate, which may be claimed, for the Federal portion of the HST on certain printed books purchased by certain specified persons (municipalities, school authorities, etc.). For further details see Memorandum 13.4, *Rebates for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures.*

- GI-062, *Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia - Point-of-Sale Rebate on Feminine Hygiene Products;*
- GI-063, *Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia - Point-of-Sale Rebate on Children's Goods;*
- GI-064, *Harmonized Sales Tax for Ontario - Point-of-Sale Rebate on Prepared Food and Beverages;* and
- GI-065, *Harmonized Sales Tax for Ontario and British Columbia - Point-of-Sale Rebate on Books*

Transitional rules for personal property and services

Goods, services and intangible personal property

Since GST and HST are charged when consideration becomes due, or is paid without becoming due, for supplies of goods, services and intangible personal property, HST in Ontario and British Columbia will apply to any consideration that becomes due, or is paid without becoming due, on or after July 1, 2010. In addition, the provincial portion of the HST will generally apply to non-commercial goods that are imported into Canada, or accounted for under the *Customs Act*, by a resident of Ontario or British Columbia on or after July 1, 2010.

Generally, HST will also apply to consideration that becomes due, or is paid without becoming due, from May 1, 2010 to June 30, 2010 if:

- ownership and possession of goods sold are both transferred on or after July 1, 2010;
- the consideration is attributable to part of a lease interval that begins on or after July 1, 2010; or
- the consideration is attributable to services performed on or after July 1, 2010.

The supplier will remit the provincial part of the HST as if it had become due on July 1, 2010. Likewise, the recipient of the supply will become eligible to claim any available ITCs as if the HST became due on July 1, 2010.

HST in Ontario and British Columbia will generally also be payable on consideration for supplies of intangible personal property, where the earlier of the date the consideration becomes due, or is paid without having become due, is on or after July 1, 2010.

Imported taxable supplies

Transitional rules also apply in respect of imported supplies of goods in particular circumstances, as well as imported services and intangible personal property.

In the case of goods that qualify as "imported taxable supplies" under the Act, HST will apply to consideration that becomes due, or is paid without becoming due, on or after May 1, 2010, where the supply is made to a resident of Ontario or British Columbia, or to a GST/HST registrant if the goods are delivered or made available, or physical possession is transferred in Ontario or British Columbia, to the extent that the consideration is for goods that are delivered or made available, or transferred on or after July 1, 2010.

HST will also apply to consideration that becomes due, or is paid without becoming due, on or after May 1, 2010, in respect of "imported taxable supplies" that are intangible personal property supplied by lease, licence or similar arrangement or services, where the supply is made to a resident of Ontario or British Columbia for consumption, use or supply "significantly" (i.e., generally 10% or more) in the participating provinces to the extent that the consideration is for portion of the lease interval in respect of the property that occurs on or after July 1, 2010 or the part of the service performed after June 2010.

Further information

The CRA has developed a GST/HST Notice and several info sheets to explain whether the GST or HST applies to supplies of personal property and services. These documents include:

- GST/HST Notice 247, *Harmonized Sales Tax for Ontario and British Columbia – Questions and Answers on General Transitional Rules for Personal Property and Services;*

- GI-053, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Freight Transportation Services;*
- GI-054, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Passenger Transportation Services;*
- GI-055, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Transportation Passes;*
- GI-056, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Services;*
- GI-057, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Memberships;*
- GI-058, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Admissions;*
- GI-059, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Intangible Personal Property;*
- GI-069, *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Direct Sellers and Independent Sales Contractors;*
- GI-070, *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Goods*; and
- GI-071, *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Tour Packages.*

For information on real property transactions please see the article "*Real property and the HST*" in this newsletter.

Common enquiries

In addition, the following are examples of how the transitional rules apply in situations for which the CRA has received frequent enquiries.

Annual golf dues

One of the more common questions asked about the transitional rules involves the application of the HST to golf membership fees (i.e., annual golf dues) for the 2010 golf season that straddles the July 1, 2010 implementation date.

When a golf membership fee becomes due, or is paid without having become due, on or after May 1, 2010, HST applies to an amount that relates to the portion of the membership period that is on or after July 1, 2010 (unless 90% or more of the membership period is before July 2010).

The application of HST to initiation fees is a question of fact. These fees could be for a membership, for a right to a membership or for some other right.

Deposits paid before May 2010

Some businesses require that their customers give deposits with respect to supplies of property or services that take place at a later date. A common question from businesses is whether the HST applies to deposits made before May 2010 for supplies of property or services that take place on or after the July 1, 2010 implementation date.

Generally, before GST/HST can apply to a supply of property or services, there must be consideration payable for the supply. A deposit given by a customer is not consideration unless and until the supplier applies the deposit as consideration for the supply. At the time the supplier applies the deposit as consideration for the supply, the supplier must determine the earlier of when that consideration becomes due, or is paid without having become due, for purposes of applying the transitional rules.

Example

A business requires that a customer give a deposit on April 15, 2010 for the supply of a service that will be entirely performed on or after July 1, 2010 and the business does not apply the deposit as consideration for the supply at the time the deposit is given. The supplier applies the deposit as consideration for the supply on April 30, 2010 but does not issue an invoice in respect of the supply until May 5, 2010. Under the transitional rules for services entirely performed on or after July 1, 2010, HST applies when the consideration for the service becomes due, or is paid without having become due, on or after May 1, 2010. In this example, the consideration for the supply becomes due on May 5, 2010 (i.e., the date of the invoice) but the consideration is paid without having become due on April 30, 2010 (i.e., the day the supplier applies the deposit as consideration for the supply). Since April 30, 2010 is the earlier of the two days, and is before May 2010, the supplier would charge only the GST on the amount.

If, in the above example, the supplier had applied the deposit as consideration for the supply on May 4, 2010, the consideration for the supply would have been paid without having become due on May 4, 2010. Since May 4, 2010 is the earlier of the two days (the other day being May 5, 2010 when the consideration becomes due), and is on or after May 1, 2010, HST would have applied to the amount.

Gift certificates

Some businesses issue or sell gift certificates that may be used by persons to receive certain property or services at a later time. A common question from businesses is whether HST applies to the issuance or sale of a gift certificate.

The issuance or sale of a gift certificate for consideration is not considered to be a supply for GST/HST purposes, and therefore, neither GST nor HST applies at the time the gift certificate is issued or sold. However, when a gift certificate is given as consideration for a supply of property or a service, the gift certificate is considered to be money. Therefore, at the time a person gives the gift certificate to the business as consideration for a supply of property or a service, the business will have to apply the transitional rules applicable to the type property or service being supplied to determine whether HST applies.

Example

The operator of a spa in Ontario sells a $50 gift certificate to a customer on May 25, 2010. The operator of the spa does not charge either GST or HST on the sale of the $50 gift certificate. The customer gives the gift certificate to another individual who visits the spa on June 12, 2010 and receives a $75 spa service. The individual gives the gift certificate to the operator of the spa as consideration for the spa service. Because 90% or more of the spa service is performed before July 2010, the operator of the spa charges $3.75 GST on the spa service (5% × $75 = $3.75) and applies the gift certificate to the amount payable by the individual.

Memberships

Some provincial organizations issue invoices for annual memberships fees during April 2010 for a membership period that straddles the July 1, 2010 implementation date. However, these provincial organizations do not receive payment of the annual membership fees until a day that is on or after July 1, 2010. A common question from these provincial organizations is whether the HST applies to the annual membership fees when more than 10% of the membership year occurs on or after July 1, 2010.

The consideration for the supply of the memberships becomes due the earliest of: the day the provincial organization first issues an invoice for the annual membership fees; the date of the invoice; the day the provincial organization would have, but for an undue delay, issued an invoice for the annual membership fees; and the day the member is required to pay the annual membership fees pursuant to a written agreement.

When the annual membership fees become due, or are paid without having become due, before May 2010, GST applies to the full amount, despite that a portion of the membership period is on or after July 1, 2010.

Multi-pack golf green fees

Some golf course operators sell multi-packs of golf green fees that give purchasers the right to use a golf course during the 2010 golf season that straddles the July 2010 implementation date. A common question from golf course operators is how to determine whether the HST applies, given that at the time they supply the multi-packs they do not necessarily know when the purchasers will use the golf course.

The golf course operators are considered to be supplying real property by way of lease or licence. Generally, the CRA will take into account the portion of the 2010 golf season that remains on or after July 1, 2010 for purposes of determining the portion of a lease interval that occurs on or after July 1, 2010. Therefore, when an amount for

the multi-packs becomes due, or is paid without having become due, on or after May 1, 2010, HST applies to any amount that relates to the portion of the 2010 golf season that remains on or after July 1, 2010.

Passes to unspecified events

Some theatre operators sell passes to one or more unspecified events during the 2010 theatre season that straddles the July 1, 2010 implementation date. Typically, these passes may be used by purchasers to receive admission to live performances that take place before July 2010 and/or that take place on or after July 1, 2010. A common question from theatre operators is how to determine whether the HST applies, given that at the time they sell the passes they do not necessarily know which events the purchasers will attend.

The theatre operators are selling admissions. Generally, the CRA will take into account the portion of the 2010 theatre season that remains on or after July 1, 2010 for purposes of determining the portion of an event that takes place on or after July 1, 2010. Therefore, when an amount for the admissions becomes due, or is paid without having become due, on or after May 1, 2010, HST applies to any amount that relates to the portion of the 2010 theatre season that remains on or after July 1, 2010.

Passes (other than transportation passes) with no expiry date

Some businesses sell passes (other than transportation passes) that may be used by purchasers to receive certain services during unspecified periods of time. A common question from businesses is how to determine whether the HST applies, given that the passes do not have expiry dates.

How the HST will apply to such passes is a question of fact. If the passes give the purchasers the right to receive the services, the businesses are selling intangible personal property. Therefore, HST applies to any amount for the passes that becomes due, or is paid without having become due, on or after July 1, 2010.

If the passes are evidence of prepayment for services, the businesses are selling services. Generally, if there is no expiry date, the CRA will consider the portion of the services performed before July 2010 to be negligible where such services are sold on or after May 1, 2010 and before July 2010. Therefore, when an amount for the services becomes due, or is paid without having become due, on or after May 1, 2010, HST applies to the full amount.

Realtor service fees

Realtors often charge a service fee for arranging for the sale of a vendor's property. A common question from realtors is how to determine the portion of their service performed on or after July 1, 2010. For example, a realtor and a vendor enter into a listing agreement on May 1, 2010 (the listing date) and the property is conditionally sold on July 15, 2010 (i.e., a firm sale date) but the sale does not become final until August 15, 2010 (i.e., the closing date).

The portion of a realtor's service performed on or after July 1, 2010 is a question of fact and may not necessarily be determined by the firm sale date or the closing date. Realtors should determine the portion their service performed on or after July 1, 2010 in a fair and reasonable manner. When a service fee becomes due, or is paid without having become due, on or after May 1, 2010, HST applies to an amount that relates to the portion of the service that is performed on or after July 1, 2010 (unless 90% or more of the service is performed before July 2010).

Rebates for eligible tour packages and accommodation

Under the Foreign Convention and Tour Incentive Program (FCTIP), some non-resident persons such as tour operators and sponsors of foreign conventions are entitled to a rebate of, or relief from, the GST paid on eligible property and services supplied in Canada. A common question from these non-resident persons is whether they will be entitled to a rebate of, or relief from, the HST paid on eligible tour packages and accommodation supplied in Ontario or British Columbia.

The existing rebates and tax relief provided under the FCTIP will apply to the HST paid on eligible tour packages and accommodation supplied in Ontario or British Columbia.

Place of supply rules

If under the place of supply rules a supply is made in a participating province, the HST will apply and if the supply is made in a non-participating province, the GST will apply.

New place of supply rules have come into effect on May 1, 2010 and apply to **all provinces**.
Although the rules for tangible personal property and real property have generally remained unchanged, there are significant changes to the rules for intangible personal property and services.

For example, in determining the place of supply for services and intangible personal property, more emphasis will be placed on the home or business address of the recipient and the place of negotiation will no longer be relevant. Where a service is performed will still be relevant in some cases for supplies of some services. There are a number of new rules for specific services including rules for services in relation to real property and goods.

For more information on the revised place-of-supply rules see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax Place of Supply Rules for Determining Whether a Supply is Made in a Province* which is based on Department of Finance News Release 2010-014, *Place of Supply, Self-Assessment and Rebate Rules for the Harmonized Sales Tax (HST)* that was released February 25, 2010.

Place of supply regulations are published in Part I of the SOR/2010-117, *New Harmonized Value-added Tax System Regulations* in the Canada Gazette to provide additional information and certainty regarding the proposed place of supply rules. GST/HST Technical Information Bulletin B-103 has been revised to reflect changes in the regulations.

Invoicing requirements

Registrants are reminded of the disclosure requirements when invoicing for GST/HST. Every supplier who is a GST/HST registrant is required to comply with the requirements of section 223 of the *Excise Tax Act*. A registrant who makes a taxable supply, other than a zero-rated supply, is required to indicate on the invoice to the recipient the consideration paid or payable by the recipient for the supply and the amount of tax payable in respect of the supply or where the amount paid or payable by the recipient includes the tax, the registrant must clearly indicate this information on the invoice.

Where the tax is HST and the registrant chooses to indicate either the amount of tax payable or the rate or rates of tax on the invoice, the registrant will also have to indicate the total amount of the HST payable or the total HST rate. The Act requires a supplier, upon request by the recipient, to provide sufficient information to enable the recipient to claim an ITC or rebate in respect of a supply.

For more information about the obligations of registrants and the disclosure of tax, please see GST/HST Memorandum 3-1, *Liability for Tax*.

Real Property and the HST

The GST/HST new housing and new residential rental property rebates will continue to be available for a portion of the GST (the federal part of the HST), for purchasers of newly constructed or substantially renovated housing in Ontario and British Columbia.

The GST/HST new housing rebate is available to individuals who purchase new housing for use as their primary places of residence or that of a relation and where all of the other conditions for claiming this rebate are met. The GST/HST new residential rental property rebate is also available to purchasers or builders of new rental housing that is provided to individuals for use as a place of residence under long-term lease agreements provided that all of the conditions for claiming the rebate are met.

Subject to the same conditions that are in place for the GST/HST new housing rebates and new residential rental property rebates, a rebate of a portion of the provincial part of the HST will also be available for newly constructed or substantially renovated housing regardless of the purchase price or fair market value, as follows:

Participating province	Rebate: Percentage of provincial part of HST	Maximum rebate amount
British Columbia	71.43%	$26,250
Ontario	75.00%	$24,000

Where the purchase price of housing exceeds $450,000, the Ontario and British Columbia new housing rebates may be available where all of the conditions for claiming the rebates are met, even though a GST/HST new housing rebate is not available. For additional details refer to GST/HST Notice244, *Harmonized Sales Tax for Ontario - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in Ontario*, and GST/HST Notice246, *Harmonized Sales Tax for British Columbia - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in British Columbia.*

Grandparented agreements

The provincial part of the HST will not apply to grandparented sales of certain newly constructed or substantially renovated housing where a written agreement of purchase and sale is entered into on or before June 18, 2009 (Ontario) or November 18, 2009 (British Columbia), and both ownership and possession of the housing are transferred under the agreement after June 2010. However, the GST will continue to apply to such grandparented sales.

The grandparenting rules do not apply to sales of multiple unit residential complexes (including duplexes) and manufactured homes (including mobile and modular homes). These rules generally apply to sales of residential condominium units and condominium complexes and to sales of single unit residential complexes (detached, semi-detached, units in a row houses) made to individuals.

For additional details refer to: GST/HST Notice244, *Harmonized Sales Tax for Ontario - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in Ontario*; and GST/HST Notice246, *Harmonized Sales Tax for British Columbia - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in British Columbia.*

Transitional tax adjustment

A transitional tax adjustment (TTA) applies to grandparented sales of newly constructed or substantially renovated housing. Since grandparented housing will not attract the HST, the builder of such housing will generally be required to include the TTA in its net tax calculation for the same reporting period where the GST is required to be included where more than 10% of the housing construction is completed in full or in part after June 2010. The TTA is designed to impose the approximate amount of the RST/PST (retail sales tax/provincial sales tax) that the provincial government would have collected on the housing had the RST/PST regime remained in place. The TTA is generally based on the consideration payable for the housing (excluding GST and any rebates) and the degree of completion of its construction or substantial renovation as of July 1, 2010.

For a single unit residential complex, the TTA can be calculated by using the following chart. For example, if the consideration payable (excluding GST and any rebates) for a house is $450,000 and its construction is 85% complete as of July 1, 2010, the TTA to be included in a builder's net tax calculation would be $900 ($450,000 × 0.2%).

Degree of completion of construction or substantial renovation as of July 1, 2010	Transitional tax adjustment rate as a percentage of consideration
Less than 10%	2.0 %
Equal to or greater than 10% and less than 25%	1.5 %
Equal to or greater than 25% and less than 50%	1.0 %
Equal to or greater than 50% and less than 75%	0.5 %
Equal to or greater than 75% and less than 90%	0.2 %
Equal to or greater than 90%	0.0 %

In the case of a residential condominium unit or condominium complex, the percentage used will be 2% regardless of the degree of completion of the construction or substantial renovation of the complex, or where a residential condominium unit is substantially renovated without renovating the condominium complex in which the unit is situated, the degree of completion of the substantial renovation of the unit, as of July 1, 2010.

In all cases, if the consideration payable is less than what the fair market value of the grandparented housing would have been had the housing been 90% completed on the date the written agreement of purchase and sale for the grandparented housing sale was entered into by the purchaser, then the fair market value and will be used to calculate the TTA.

For additional details refer to: GST/HST Notice244, *Harmonized Sales Tax for Ontario - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in Ontario*; and GST/HST Notice246, *Harmonized Sales Tax for British Columbia - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in British Columbia.*

Provincial transitional new housing rebates

Non-grandparented sales of newly constructed or substantially renovated housing will be subject to the HST where both ownership and possession of the housing are transferred to the purchaser after June 30, 2010. Where the construction or substantial renovation of the housing is completed in full or in part prior to July 2010, the housing will have RST/PST embedded in the cost of the housing since the cost of construction materials acquired before July 2010 will include a certain RST/PST content. The provincial transitional new housing rebate is designed to rebate the estimated RST/PST content of the complex where the sale of the housing, including a deemed sale under the self-supply rules, is subject to the HST, or where the builder of a residential condominium unit or complex is required to remit the TTA.

The provincial transitional new housing rebate in Ontario and British Columbia is based on the estimated RST/PST content of a completed complex. The rebate may be calculated using the consideration method in which case the rebate is equal to 2% of the consideration payable for the housing (or in the case of a self-supply, 2% of the fair market value). Alternatively, the rebate may be calculated based on a prescribed amount per square metre of habitable floor space: $\$60/m^2$ in British Columbia; and $\$45/m^2$ in Ontario.

Disclosure requirements for builders and resellers

Where a written agreement of purchase and sale of newly constructed or substantially renovated housing is entered into after June 18, 2009 (Ontario) or after November 18, 2009 (British Columbia), and before

July 1, 2010, the builder must disclose in the agreement whether the provincial portion of the Ontario or British Columbia HST applies, and if so, whether or not the price in the agreement includes that provincial portion net of any rebates. If disclosure is not made, the price is deemed to include the provincial portion and the purchaser is not required to pay the provincial portion in addition to the stated price in the agreement.

If a person makes a taxable resale of new housing it had bought on a grandparented basis or that was relieved from the provincial part of the HST under the reseller's rule, in addition to disclosing the information described in the previous paragraph in the written agreement, the reseller would also have to disclose the name of the original builder and whether or not the reseller had purchased the housing without the purchase being subject to the provincial part of the HST. If such disclosure is not made, the price is deemed to include the provincial portion and the purchaser is not required to pay the provincial portion in addition to the stated price in the agreement. As a result, the builder that did not make the required disclosure will be required to account for the provincial part of the HST in the builder's net tax calculation.

Sales of real property

Sales of real property in Ontario or British Columbia will be subject to HST if, under an agreement of purchase and sale, both ownership and possession of the property are transferred on or after July 1, 2010, regardless of when the consideration becomes due, or is paid without becoming due. In the case of written agreements of purchase and sale for new housing, however, certain grandparented sales as noted above will not be subject to HST.

Rentals of real property

Amounts that become due, or are paid without becoming due, on or after July 1, 2010, for rentals and licences to use real property located in Ontario or British Columbia will generally be subject to the HST. Prepayments made on or after May 1, 2010, and that relate to periods after July 1, 2010 will also generally be subject to the HST. Certain persons will generally have to self-assess the provincial part of the HST on prepayments made after October 14, 2009 and before May 2010 if the prepayment relates to periods on or after July 1, 2010. However, if the prepayment relates to a period before July 1, 2010, it will generally not be subject to HST, however, the GST will apply.

Progress payments and holdbacks

The HST in Ontario and British Columbia would generally apply to progress payments made under contracts for the construction, renovation, alteration or repair of real property or a ship or other marine vessel where the progress payment becomes due after October 14, 2009 to the extent that the payment can reasonably be attributed to property delivered or services performed on or after July 1, 2010. To the extent that a progress payment is subject to HST because it can reasonably be attributed to property delivered or services performed on or after July 1, 2010, any holdback from that payment would also be subject to HST.

Other real property matters

For more detailed information on self-supplies of new rental housing, assignments of agreements to purchase new housing and re-sellers of grandparented housing, please see GST/HST Notice244, *Harmonized Sales Tax for Ontario - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in Ontario* and GST/HST Notice246, *Harmonized Sales Tax for British Columbia - Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in British Columbia.* The CRA will also be publishing a series of info sheets on residential construction and rebates. To date, the following info sheets have been published:

- GI-077, *Harmonized Sales Tax: Purchasers of New Housing in Ontario;*
- GI-078, *Harmonized Sales Tax: Purchasers of New Housing in British Columbia;*

- GI-081, *Harmonized Sales Tax: Information on Owner-built Homes, Mobile Homes and Floating Homes in British Columbia;*
- GI-082, *Harmonized Sales Tax: Information on Owner-built Homes, Mobile Homes and Floating Homes in Ontario;*
- GI-083, *Harmonized Sales Tax: Information for Builders of New Housing in Ontario;* and
- GI-084, *Harmonized Sales Tax: Information for Builders of New Housing in British Columbia.*

Nova Scotia HST rate increase

As announced in the *Nova Scotia Provincial Budget* on April 6, 2010, the rate of Nova Scotia HST will be increased to 15% effective July 1, 2010. *Transitional Rules for the Nova Scotia HST Rate Increase* are published on the Nova Scotia Finance Web site at www.gov.ns.ca/finance.

The *Nova Scotia HST Regulations, 2010* (SOR/2010-99), the regulations required to implement the increase in the Nova Scotia HST rate to 15%, were published in the Canada Gazette on May 12, 2010.

Also announced in the budget are point-of-sale rebates for feminine hygiene products and children's goods which are discussed in the following GST/HST info sheets:
- GI-062, *Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia - Point-of-Sale Rebate on Feminine Hygiene Products,* and
- GI-063, *Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia - Point-of-Sale Rebate on Children's Goods.*

Introduction of Bill C-9

On June 8, 2010, Bill C-9, the *Jobs and Economic Growth Act*, received Third Reading in the House of Commons.

It implements certain provisions of the federal Budget 2010 of March 4, 2010, as well as a number of previously announced proposed legislative amendments to the *Excise Tax Act* , the *Excise Act, 2001*, the *Air Travellers Security Charge Act*, and the *Softwood Lumber Products Export Charge Act, 2006* which were included in several Notice of Way and Means Motions and Press Releases issued by the Department of Finance from January 26, 2007 to March 4, 2010.

Previously announced proposed measures relate to, among other things: improvements to the application of GST/HST to the financial services sector, imported taxable supplies, filing and remitting the GST/HST, network sellers, rebates for pension plan trust structures, and excise tobacco stamping.

GST/HST and cosmetic medical procedures

Basic health care services are generally exempt from the GST/HST. The Act states that for GST/HST purposes surgical and dental services performed for cosmetic purposes (and not for medical or reconstructive purposes) are taxable. Cosmetic procedures, as well as goods and services related to these procedures, are not considered to be basic health care and are subject to tax.

As announced in Budget 2010, Bill C-9 proposes to clarify the tax status of cosmetic procedures and devices, or other goods used or provided with cosmetic procedures, and services related to cosmetic procedures. For GST/HST purposes, surgical and non-surgical procedures aimed at enhancing one's appearance are considered to be cosmetic procedures and are taxable. Taxable procedures would generally include procedures such as liposuction, face lifts, hair replacement procedures, botulinum toxin injections for cosmetic purposes, and teeth whitening. Goods and services related to these kinds of procedures would also be subject to tax.

Cosmetic procedures which are necessary for medical or reconstructive purposes such as surgery to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an

accident or trauma, or a disfiguring disease, remain exempt. As well, cosmetic procedures paid for by a provincial health insurance plan will continue to be exempt.

Air Travellers Security Charge (ATSC) rate change

Travellers pay the ATSC on air transportation services for travel within Canada and from Canada to foreign destinations. As confirmed in Budget 2010, new increased ATSC rates apply to any air transportation service purchased on or after April 1, 2010, that includes a chargeable emplanement on or after April 1, 2010, for which any payment is made on or after that date.

New ATSC Rates

Effective April 1, 2010, the ATSC rates are increased as follows:

- For domestic air travel acquired in Canada, where the GST/HST applies at the rate of 5% or 13% for the air transportation service, the ATSC is $7.12 for each chargeable emplanement, to a maximum of $14.25. Where the GST/HST does not apply, the ATSC is $7.48 for each chargeable emplanement, to a maximum of $14.96.
- For air travel to a destination outside Canada but within the continental zone, where the GST/HST applies at the rate of 5% or 13%, the ATSC is $12.10 for each chargeable emplanement, to a maximum of $24.21. Where the GST/HST does not apply, the ATSC is $12.71 for each chargeable emplanement, to a maximum of $25.42.
- For air travel to a destination outside the continental zone, the ATSC is $25.91 where there is a chargeable emplanement. This applies to air transportation that is acquired in or outside Canada.

More information

For specific details regarding these rate increases, please see Excise Taxes and Special Levies Notice ETSL72, *Notice to all Air Carriers – Rate Increases for the Air Travellers Security Charge* or call the Excise Taxes and Other Levies Information Line at 1-866-330-3304.

New electronic filing requirements for GST/HST registrants

Currently, only GST/HST registrants who meet the criteria set by the CRA have the option to use electronic filing. As a result of proposed changes, certain registrants will be required to file electronically and restrictions will be removed so that all registrants will be able to file electronically.

Required to file electronically

Under the proposed measures, for all reporting periods ending on or after July 1, 2010, the following persons will be required to file their GST/HST returns electronically:

- GST/HST registrants (except for charities) with greater than $1.5 million in annual taxable supplies, including the annual taxable supplies of all of their associates;
- GST/HST registrants required to recapture input tax credits for the provincial portion of the HST on certain inputs in Ontario or British Columbia; and
- builders affected by the HST transitional housing measures announced by Ontario or British Columbia.

The CRA has recently published a series of questions and answers on the new reporting requirements in GST/HST Notice249, *Questions and Answers on the New Reporting Requirements for GST/HST Registrants*, which can be found on the CRA Web site.

Ships' Stores Regulations

On February 23, 2010, SOR/2010-36, *Regulations Amending the Ships' Stores Regulations (Canadian Coast Guard)* were egistered.

The *Ships' Stores Regulations (Regulations)* provide relief of excise tax and duties to a Canadian Coast Guard (CCG) ship that is proceeding on a voyage to the Arctic in respect of these goods:

- ales and beers, subject to certain restrictions;
- wines and spirits, subject to certain restrictions; and
- domestic or imported cigars and domestic stamped manufactured tobacco or imported manufactured tobacco, subject to certain restrictions.

Section 5 of the schedule to the Regulations has been amended to also provide relief of excise tax for petroleum products and renewable fuels (except lubricants) purchased for use in CCG vessels proceeding outside Canada, effective April 1, 2008. This amendment was published in the Canada Gazette, Part II on March 17, 2010 and is available on the Canada Gazette Web site at: www.canadagazette.gc.ca.

Reminder - GST/HST return line 101

It is mandatory to fill in line 101 (sales and other revenue) when you file a GST/HST return for registrants.

Registrants must include on line 101 the total amount of supplies of goods and services, including zero-rated supplies and other revenue shown in their records. Line 101 does not include provincial sales tax, GST, HST or any amounts a registrant reported on a previous return.

In most circumstances, if you collected tax, you will also have an amount to report on line 101. If you had no business sales or other income for the reporting period you must still report $0 on line 101.

For more information about filing your GST/HST return, please see the CRA Web page GST/HST Returns or call your tax services office.

No tolerance for the abuse of trust funds

Businesses that collect GST/HST must report and pay amounts by specified dates. The CRA is warning businesses about the consequences of failing to report and pay GST/HST amounts held in trust for the Government of Canada.

Businesses that find themselves in difficult financial situations, particularly in times of economic uncertainty, may be tempted to supplement business cash flows by using the federal funds that they hold in trust. Amounts considered to be held in trust, such as GST/HST collected, must not be used as an alternate means of cash flow for a business. The CRA will not tolerate the abuse of funds held in trust. The CRA will use all its legislated powers of recovery to make sure that amounts considered to be held in trust are paid to the government in full and on time.

Businesses have to file their GST/HST returns and make payments on time. Failure to do so may result in the charging of penalties and interest on any returns or amounts that have not been received by the filing due date.

Provisions within the *Excise Tax Act* allow for the recovery of GST/HST amounts by:

- the use of enhanced garnishments to collect amounts considered to be held in trust for the government;
- the assessment of the directors of a corporation for the corporation's failure to pay GST/HST amounts;
- the seizure and sale of assets of a debtor corporation, an assessed director, or a sole proprietor; and
- any other means of recovery allowed under federal legislation.

If you have collected GST/HST amounts and have not remitted them, please contact the CRA as soon as possible to make arrangements to pay the outstanding amounts. For more information on filing, remitting, penalties and interest, and dates, please see Filing and Remitting – GST/HST or GST/HST – Penalties and Interest on the CRA Web site.

Voluntary disclosures

Businesses that have failed to file returns or pay GST/HST amounts for current or previous years, can voluntarily correct their tax affairs by participating in the Voluntary Disclosures Program. This program promotes compliance with Canada's tax laws by encouraging taxpayers to come forward to correct inaccurate or incomplete tax information, or to disclose information that has not been previously reported to the CRA.

Taxpayers will not be penalized or prosecuted if they make a valid disclosure before they become aware of any compliance action being started by the CRA against them. These taxpayers will have to pay the taxes owing, plus interest. More information can be found on CRA's web-site at www.cra.gc.ca/voluntarydisclosures.

Change to the GST/HST wash transaction policy

A "wash transaction" occurs where a supplier has failed to charge and collect GST/HST from a registrant that is entitled to a full input tax credit.

Currently, when the CRA discovers a wash transaction, the CRA will consider reducing the interest payable with respect to the transaction down to 4% of the transaction amount. The normal interest rules will apply to any unpaid amounts after the date of the assessment.

The change to the current policy applies when a registrant voluntarily reports to the CRA an omission or error that meets the definition of a wash transaction. The CRA will consider reducing the interest payable with respect to the transaction down to 0% of the transaction amount in reporting periods with net tax due after March 31, 2007. The normal interest rules will apply to any unpaid amounts after the date of the assessment.

Registrants seeking this new interest reduction must voluntarily disclose the omission or error in writing to their tax service office.

Voluntary disclosures

Registrants should use Form RC199, *Voluntary Disclosures Program Taxpayer Agreement* to make a disclosure. All conditions for a valid disclosure, except for the penalty condition, must be met in order for the disclosure to be considered for interest reduction under this portion of the wash transaction policy. Find out more information about the CRA voluntary disclosures program at this address: www.cra.gc.ca/voluntarydisclosures.

More information

For more detailed information please GST/HST Memorandum 16-3-1, *Reduction of Penalty and Interest in Wash Transaction Situations.*

Prescribed rates of interest

The prescribed annual rate of interest in effect from April 1, 2010 to June 30, 2010, on overdue amounts payable to the Minister is 5%. The prescribed annual rate of interest on amounts owed by the Minister (i.e., rebates or refunds) is 3%. These rates are applicable to income tax, excise tax, the softwood lumber products export charge, GST/HST and the air travellers security charge (ATSC) and excise duty on wine, spirits and tobacco.

The prescribed annual rate of interest respecting excise duty on beer, on overdue amounts payable for the indicated period, is set at 3%. Refund interest rates are not applicable for amounts owed by the Minister (i.e., rebates or refunds) for excise duty that is in relation to beer.

	Income Tax, Excise Tax, Softwood Lumber Products Export Charge, GST/HST and ATSC, Excise Duty (wine, spirits, tobacco)		Excise Duty (beer)
Period	Refund Interest	Arrears and Instalment Interest	Arrears Interest
2010			
April 1 – June 30	3%	5%	3%
January 1 – March 31	3%	5%	3%
2009			
October 1 – December 31	3%	5%	3%
July 1 – September 30	3%	5%	3%

Prescribed interest rates for previous years are available on the CRA Web site at www.cra.gc.ca/interestrates.

What's new in publications

The following is a list of new or revised excise and GST/HST forms and publications. As a result of the HST in Ontario and British Columbia, CRA forms and publications are constantly being updated. Please check the CRA "What's new" Web site often for the most current versions.

GST/HST forms

GST32 *Election and Revocation of the Election by a Public Sector Body (other than a Charity) to Have Its Exempt Memberships Treated as Taxable Supplies*
GST24 *Election and Revocation of the Election to Tax Professional Memberships*
GST499-1 *First Nations Tax (FNT) Schedule*

GST/HST guides

RC4070 *Guide for Canadian Small Businesses* (revised)
RC4409 *Keeping Records* (revised)

GST/HST info sheets

GI-060 *Harmonized Sales Tax for Ontario - Point-of-Sale Rebate on Newspapers*
GI-061 *Harmonized Sales Tax for British Columbia - Point-of-Sale Rebate on Motor Fuels*
GI-062 *Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia - Point-of-Sale Rebate on Feminine Hygiene Products*
GI-063 *Harmonized Sales Tax for Ontario, British Columbia, and Nova Scotia - Point-of-Sale Rebate on Children's Goods*
GI-064 *Harmonized Sales Tax for Ontario - Point-of-Sale Rebate on Prepared Food and Beverages*
GI-065 *Harmonized Sales Tax for Ontario and British Columbia - Point-of-Sale Rebate on Books*
GI-066 *How a Charity Calculates the Net Tax to be Reported on its GST/HST Return*

GI-067 *Basic GST/HST Guidelines for Charities*
GI-068 *Basic GST/HST Guidelines for Public Institutions*
GI-069 *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Direct Sellers and Independent Sales Contractors*
GI-070 *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Goods*
GI-071 *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Tour Packages*
GI-072 *HST and First Nations in Ontario and British Columbia*
GI-073 *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Payment of the GST/HST by Ontario and British Columbia Government Entities*
GI-074 *Ontario and British Columbia: Transition to the Harmonized Sales Tax - Prepaid Funeral and Cemetery Arrangements and Interment Rights*
GI-075 *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Returns and Exchanges*
GI-076 *Ontario and British Columbia: Transition to the Harmonized Sales Tax – Continuous Supplies and Budget Payment Arrangements*
GI-077 *Harmonized Sales Tax: Purchasers of New Housing in Ontario*
GI-078 *Harmonized Sales Tax: Purchasers of New Housing in British Columbia*
GI-081 *Harmonized Sales Tax: Information on Owner-built Homes, Mobile Homes and Floating Homes in British Columbia*
GI-082 *Harmonized Sales Tax: Information on Owner-built Homes, Mobile Homes and Floating Homes in Ontario*
GI-083 *Harmonized Sales Tax: Information for Builders of New Housing in Ontario*
GI-084 *Harmonized Sales Tax: Information for Builders of New Housing in British Columbia*

GST/HST memoranda

16-3-1 *Reduction of Penalty and Interest in Wash Transaction Situations*
18-2 *Provincial Governments*

GST/HST technical information bulletins

B-103 *Harmonized Sales Tax - Place of supply rules for determining whether a supply is made in a province*
B-104 *Harmonized Sales Tax – Temporary Recapture of Input Tax Credits in Ontario and British Columbia*

GST/HST notices

Notice251 *Notice of Change - GST/HST Memorandum 13.4*
Notice252 *Notice of Change - GST/HST Technical Information Bulletin B-094, Amendments to the Point-of-Sale Rebate for Printed Books*
Notice253 *Harmonized Sales Tax for Ontario and British Columbia – Questions and Answers for Public Service Bodies*
Notice254 *Collecting First Nations Taxes in a Participating Province*

GST/HST policy statements

P-184 *Credit Card Expenses and the Registrant's Use of Factors for Claiming Input Tax Credits* (revised)

Excise tax and special levies notices

ETSL72 *Notice to all Air Carriers - Rate Increases for the Air Travellers Security Charge*
ETSL73 *Notice to the Transportation Sector and Commodity Tax Practitioners - Request For Consultation on the Administration of the Excise Tax Exemption for Diesel Fuel Used in the Generation of Electricity Relating to Hotel Services on Vehicles*
ETSL74 *Notice to all Excise Tax Licensees and Tax Professionals – Excise Tax Licensing and Related Enquiries*

Excise duty memoranda

EDM1-5-1 *Rates of Excise Duty*

Softwood lumber products export charge notices

SWLN21 *Surge Charge - Alberta Region (January 2010)*
SWLN22 *Surge Charge - Alberta Region (March 2010)*
SWLN23 *Export Charge Rate for June 2010 Reduced to 0% - Registrants Must Continue to File Returns*
SWLN24 *Surge Charge - Alberta Region (April 2010)*

New ATSC rates

ATSCRATES *Air Travellers Security Charge (ATSC) Rates*

All GST/HST, Excise Duty, and Excise Taxes and Special Levies publications can be found on the CRA Web site at www.cra.gc.ca/gsthsttech, at www.cra.gc.ca/etsl, and at www.cra.gc.ca/exciseduty.

Enquiries

For online access to account balances, transactions and more for your GST/HST, softwood lumber products export charge, air travellers security charge as well as excise taxes and duty accounts, visit www.cra.gc.ca/mybusinessaccount.

For general information and to make enquiries regarding your account (except for softwood lumber products export charge accounts), call Business Enquiries at 1-800-959-5525.

For enquiries regarding your softwood lumber products export charge account, call 1-800-935-0313.

To make enquiries regarding the status of specific GST/HST domestic rebate claims, call 1-800-565-9353.

For GST/HST technical enquiries call GST/HST Rulings at 1-800-959-8287.

Forms and publications
To access forms and publications online visit www.cra.gc.ca/orderforms.
To order forms and publications by telephone call 1-800-959-2221.

Are you a GST/HST registrant located in Quebec?
To make an enquiry or obtain information on the GST/HST, contact Revenu Québec at 1-800-567-4692 or visit their Web site at www.revenu.gouv.qc.ca.

The *Excise and GST/HST News* is published quarterly and highlights recent developments in the administration of the goods and services tax (GST) and harmonized sales tax (HST), First Nations goods and services tax (FNGST) and First Nations tax (FNT), softwood lumber products export charge, air travellers security charge (ATSC) as well as excise taxes and duties. If you would like to receive a link to each new edition of the *Excise and GST/HST News* as it is published, subscribe to the electronic mailing list.

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